

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: August 20, 2007
POSITION: Neutral, note concerns

BILL NUMBER: SB 70
AUTHOR: D. Florez
RELATED BILLS: SB 140 Kehoe

BILL SUMMARY: Biodiesel

This bill would define biodiesel and biodiesel blends and specify California standards for these fuels. The bill would forbid a person to make a retail sale to the general public of specified biodiesel fuel, unless there is a sign on the dispensing apparatus that states the volume concentration of biodiesel in the fuel. The bill would authorize school districts to use a biodiesel fuel blend to operate their diesel-powered school buses if certain conditions are met. The bill would also authorize the use of a biodiesel fuel blend to operate diesel-powered vehicles owned or leased by the state, by a city, county, or city and county, or by a mass transit district under specified conditions.

FISCAL SUMMARY

The Air Resources Board (Air Board) and the California Energy Commission (Energy Commission) both concur that the costs of this bill would be minor and absorbable within existing resources.

Because this bill would authorize but not require local governments to use biodiesel fuel blends, no reimbursable mandate would be created. Section 5 of the bill contains an appropriate "crimes and infractions" mandated-cost disclaimer, recognizing that a violation of the bill's provisions would be a misdemeanor infraction.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the May 17, 2007 version include the following significant amendment which does change our position:

- Provisions have been added to the bill to define biodiesel and biodiesel blend, and to establish biodiesel labeling requirements.

COMMENTS

The Department of Finance supports the bill's intent, to further diversify the sources of fuel used by California citizens. However, we note the following concerns:

- The need for the bill to specify biodiesel blend definitions in statute is unclear. Standards organizations such as the American Society of Testing and Materials regularly establish fuel standards and these standards are commonly used by the state.
- The changes this bill seeks to make may be premature prior to the release of the Energy Commission's AB 1007 report, which is currently undergoing final review. The AB 1007 report, required by Chapter 371, Statutes of 2006, will provide a comprehensive state plan to increase the use of alternative transportation fuels, and will include an evaluation of emissions of criteria air pollutants, air toxics, and greenhouse gases from alternative fuels on a full life-cycle basis.

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Analyst/Principal (0623) T. Tatosian	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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AUTHOR

AMENDMENT DATE

BILL NUMBER

D. Florez

August 20, 2007

SB 70

COMMENTS (continued)

Biodiesel is a biodegradable transportation fuel for use in diesel engines that is produced from organically derived oils or fats. It can be used as either a replacement for, or as a component of, diesel fuel.

This bill contains provisions to define and regulate biodiesel fuel and biodiesel blends, and provisions that regulate the use of biodiesel blends by school districts and other state and local government entities. Provisions regulating biodiesel fuel and biodiesel blends include:

- A technical definition of biodiesel, and a definition of BXX as a fuel blend that contains XX percent biodiesel, with the remaining fuel being regular diesel (B20 would contain 20 percent biodiesel and 80 percent petroleum-based diesel).
- A requirement for retailers to post biodiesel blend levels for B21 – B100.

This bill would authorize the use of biodiesel fuel blends by government and school districts if: (1) the cost of the fuel is competitive and available, (2) the use of the fuel has been approved publicly by the Air Board, and, (3) the use of the fuel would not result in voiding the warranties on engines or pollution control equipment. The Air Board would be required to establish a program to monitor these requirements.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Code
3900/Air Res Bd	SO	No		-----	No/Minor Fiscal Impact	-----			0115
8885/Comm St Mndt	LA	No		-----	See Fiscal Summary	-----			0001
3360/Energy Comm	SO	No		-----	No/Minor Fiscal Impact	-----			0465

<u>Fund Code</u>	<u>Title</u>
0001	General Fund
0115	Air Pollution Control Fund
0465	Energy Resources Programs Account